POLICY RESEARCH NOTES

PUBLISHED BY THE NORTH CENTRAL REGIONAL PUBLIC POLICY RESEARCH COMMITTEE AND THE ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE, USDA

Number 10 July 1980

For professionals in Public Agricultural and Food Price and Income Policy Research, Teaching, Extension, Policymaking

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INTRODUCTION

Public policymaking for the agricultural and food sector is in another count down phase. Yet, this flow of policy actually represents a long, slow evolution extending now over a half century. Price and income policy, distinct from many other policy areas, usually has a termination date. Hence, every 3 to 5 years, a new cycle of intense policy development occurs, as with the upcoming 1981 policy discussions. In such periods in particular, the need is urgent for accurate, relevant, widely communicated policy information. The objective of this newsletter is to help provide communication linkage among those on the Policy Workers List and others interested. Requests for copies of earlier issues of these Notes and for the latest Policy Workers List, and comments and suggestions about them, may be sent to either address below.

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Policy Research Notes is a cooperative effort of the North Central Regional Public Policy Research Committee and ESCS. The Notes are prepared by R.G.F. Spitze, 305 Mumford Hall, University of Illinois, Urbana, Illinois 61801, and Cecil W. Davison, ESCS, 500 12th Street SW., Washington, D.C. 20250.

NPPEC Food and Agricultural Issues for the 1980's Published

A timely publication titled, Food and Agricultural Policy Issues for the 1980's, 70 pp., has just been published. It represents 2 years of efforts by policy workers from many states and USDA ESCS to provide a synthesis of current, reliable, educational materials for the upcoming 1980-81 period of policy making. Under the direction of a steering committee sponsored by the National Public Policy Education Committee (announced earlier in these Notes), the publication includes nine sections on different problem areas and issues by teams of authors.

For individual copies, contact the public affairs specialist, Cooperative Extension Service of your State, or the Extension Service in the U.S. Department of Agriculture, or for purchasing limited quantities, contact Norbert Dorow, Project Chairman and Extension Economist, North Dakota State University, Fargo, North Dakota 58105.

Trade Information Project Still Active

State Cooperative Extension Services sponsored regional trade conferences this past spring in Lafayette, Indiana; Boise, Idaho; Minneapolis, Minnesota; and Knoxville, Tennessee. The national agricultural trade policy project, headquartered at the University of Minnesota, was a co-sponsor of the conferences. Leaders of general farm organizations, commodity groups, and agribusinesses, together with teaching, research, and extension representatives, attended the conferences which focused on U.S. trade policy issues in the 1980's. A similar conference is being planned for States in the Kansas City area this fall.

Future activities under the extension trade policy project will include the preparation and distribution of various teaching aids in the trade policy area. For further information or input, contact Martin K. Christiansen, Trade Project Director, 217 COB Classroom Office Building, University of Minnesota, St. Paul, Minnesota 55108.

Farm Structures Symposium Soon

A symposium on Farm Structure and Rural Policy, initially announced in the January 1980 Policy Research Notes, was held October 20-22, 1980, on the Iowa State University campus. From proposals submitted by political scientists, agricultural economists, and economists, the planning committee fashioned a program around various structural issues: Definitions, Popular Expectations, Demands from Political Groups, Policy Constraints, Marketing Orders, World Food Needs, Policy Directions, Structural Alternatives, Rural Communities, and Alternative Agricultural Systems.

For further information, contact Don Hadwiger, Department of Political Science, Iowa State University, Ames, Iowa 50011.

North Central Committee Prepares Leaflets on Structure

The North Central Public Policy Education Committee is sponsoring the preparation of a series of six brief leaflets dealing with structure issues. Completion is scheduled for the fall of 1980, under the guidance of a subcommittee. Plans include preparation of camera ready copy so each State may carry out publication as is desired. Topics and authors are as follows:

Introduction: "Why All This Talk About Farm Structure?"

(1) "Does the Family Farm Really Matter?" Roy Frederick, Harold Breimyer.

(2) "Does Absentee Ownership Make a Difference?" Duane Olson, Bruce Johnson.

(3) "Is Corporate Management of Farming a Threat?" Dennis Henderson, Jim Shaffer.

(4) "How Has Government Involvement Affected the Structure of Agriculture?" Otto Doering, Arley Waldo.

(5) "How Do Income, Estate and Gift Tax Policies Affect Agricultural Structure?" Harold Guither, Don Uchtmann.

(6) "What Policies Enable Family Farmers to Get Started?" Coy McNabb, Martin Christiansen.

Otto Doering, Purdue University, is chairman of the subcommittee and Harold Guither, University of Illinois, is chairman of the North Central Public Policy Education Committee.

Western Symposium on Federal Land Use Policy

A symposium on "Federal Land Use Policy: Improving Citizen Participation" was held August 21-22, 1980, in Portland, Oregon. Its purpose was to present and demonstrate the effective use of new teaching materials developed and tested as part of a Federal Land Use Policy Project, intended for use by Extension staff, agency personnel, and interest group leaders. Now in its second year, this SEA-Extension Service special needs project is sponsored by the Western Public Policy Education Committee and centered at Oregon State University. The first year was devoted to developing educational materials: (1) to improve communication among various groups concerned with the use of federal lands; and (2) to help interested citizens understand and participate in the land use planning process used by the Bureau of Land Management and U.S. Forest Service.

For further information about this symposium, and overall project, contact Tiff Harris, 213 Extension Hall, Department of Agricultural and Resource Economics, Oregon State University, Corvallis, Oregon 97332, phone (503-754-2942).

North Central Policy Research Project Releases First Publication

A research publication titled, Food and Agricultural Policy for the Eighties: Issues and Options, has gone to press. This is the first publication developed by an interregional group of the NC-152 Research Project on "Economic Consequences of Selected Provisions of the Food and Agriculture Act of 1977." Copies will be available in the fall.

The publication presents current research knowledge and analyzes several policy alternatives for those public problems and policies concerned with farm product prices, farm family income, food prices and supply, agricultural trade, grain reserves, and food stamps. The purpose of the publication is to provide research knowledge for policymakers, their staffs, and other policy workers. Sources for the publication include current findings of policy research as reported in professional bulletins and journals, the extensive documentation of the Food and Agriculture Act of 1977, the literature of the past half century in the agricultural and food policy area, and the insights of a selected group of professional policy workers from several regions of the United States and from Washington, D.C. Authors include: Marshall

A.Martin, R.G.F. Spitze, Milton Hallberg, Thomas Stucker, Alex McCalla, Bruce Gardner, Willard W. Cochrane, and Sylvia Lane. The publication is coordinated and edited by R.G.F. Spitze and Marshall A. Martin.

Inquiries about the publication should be directed to Marshall A. Martin, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907, or R.G.F. Spitze, Department of Agricultural Economics, University of Illinois, Urbana, Illinois 61801.

Other research work under this project involves primary surveys and analyses. One survey dealing with the food stamp subproject (4 States in West, North Central, and Southeast), and another dealing with farmers in the grain reserves subproject (9 States in the Plains and North Central), have been completed and analysis is underway. A descriptive analysis of the farmer-owned grain reserves survey is nearing completion. Other publications are expected to be released later this year. For further information on the food stamp subproject contact Sylvia Lane, University of California, Davis, California 95616. For information on the grain reserves subproject contact Willie Meyers, Iowa State University, Ames, Iowa 50011.

AGRICULTURAL-FOOD POLICY DECISIONS: UPDATE

Compiled by

Richard Rizzi and Cecil W. Davison*

Policy Through Administrative Implementation

Some of the 1980 commodity program provisions listed in the January issue of PRN were preliminary or not available at that time. Commodity program details are listed in this table only if the 1980 provisions are changes from those presented in the last issue.

Commodity Programs	1977	1978	1979	1980 1/
		(dollars per bushel)		
Wheat				
Loan level	2.25 2/	2.35 3/	2.50	3.00
Reserve release level	3.15	3.29	3.75	4.20 4/ 5/
Reserve call level	3.94	4.11	4.63	5.25 4/ 6/
Corn				
Loan level	2.00 2/	2.00 3/	2.10	2.25
Reserve release level	2.50	2.50	2.63	2.81
Reserve call level	2.80	2.80	3.05	3.26
Sorghum				
Loan level	1.90	1.90	2.00	2.14
Reserve release level	2.38	2.38	2.50	2.68
Reserve call level	2.66	2.66	2.90	3.10
Barley				
Loan level	1.63	1.63	1.71	1.83
Reserve release level	2.04	2.04	2.14	2.29
Reserve call level	2.28	2.28	2.48	2.65
Oats				
Loan level	1.03	1.03	1.08	1.16
Reserve release level	1.29	1.29	1.35	1.45
Reserve call level	1.44	1.44	1.57	1.68
Rye				
Loan level	1.70	1.70	1.79	1.91
Soybeans				
Loan level	3.50	4.50	4.50	5.02

*Agricultural economists with the National Economics and International Economics Divisions, respectively, Economics, Statistics, and Cooperatives Service (ESCS), U.S. Department of Agriculture. Bill Edmondson, NED, provided current information on congressional bills.

	1977	1978	1979	1980
Burley tobacco				
Loan level (cents per lb.) 7/	117.3	124.7	133.3	145.9
Effective marketing quota (mil. lb.)	684	651	615	615
Gum naval stores				
Support price for pure pine gum ($ per cwt.)	16.75	---	16.09	18.31
Loan level for gum rosin ($ per cwt.)	---	24.40	23.75	24.99
Honey				
Loan level (cents per lb.) 2/	32.7	36.8	43.9	50.3

1/ New loans, for 1980 crops produced by farmers who have certified their crop acreage, announced by the Administration on July 28, 1980.
2/ Minimum allowed by law.
3/ Under provisions of the 1977 Act the Secretary could have lowered the loan level for 1978 wheat and corn because the average market price received by farmers in the 1977 crop year did not exceed 105 percent of the loan.
4/ The reserve and call levels for wheat are for food quality wheat only.
5/ The release level for wheat is 140 percent of the loan level. Farmers with contracts specifying 150 percent of the loan level, per the January 1980 announcement, may use a release level of $4.50 per bushel or convert their contracts to the 140 percent provision.
6/ The call level for wheat is 175 percent of the loan level. Farmers with contracts specifying 185 percent of the loan level, per the January 1980 announcement, may use a call price of $5.55 per bushel, or convert their contracts to the 175 percent provision.
7/ Set by law.
--- = program not offered.

Sales suspension revisited. As reported in the January issue of PRN, President Carter instructed the Secretary of Agriculture to offer to assume contractual obligations of soybeans, corn, and wheat that had been committed for shipment to the Soviet Union. Under this directive, a total of 26 million bushels of soybeans, 400,000 metric tons of soybean meal, 351.7 million bushels of corn, and 156 million bushels of wheat contracts were assumed by the Commodity Credit Corporation (CCC).

On March 20, the soybean contracts were offered for retender to exporters; corn and wheat contracts were offered April 30, and soybean meal contracts were offered beginning May 28. By May 9, all of the soybean contracts had been sold; on June 11 the remaining wheat contracts were sold; on June 18 the last of the soybean meal was retendered; and the remaining corn contracts were sold on July 31.

Target prices raised. As discussed in the last issue of PRN, the Agricultural Adjustment Act of 1980 adjusted the target prices for the 1980 wheat and corn crops. Those producers who exceed their normal crop acreage (NCA) in 1980 will continue to receive benefits based on the formula target in the Food and Agriculture Act of 1977. These newly adjusted target prices are $3.63 for wheat compared to the formula target of $3.08; $2.35 for corn, compared to $2.05; $2.50 for sorghum, compared to $2.45; and $2.55 for barley, compared to $2.29.

The disaster payments program was extended through the 1980 crop year for wheat, feed grains, upland cotton, and rice producers who stay within their NCA. However, combined disaster payments under all programs are now limited to $100,000 per person.

Diversion not needed. The Secretary announced that USDA will not institute a paid land diversion program for 1980 crops of wheat, corn, or other grains. Although the United States had record large grain production in 1979/80, world production of grain actually declined, boosting demand for U.S. exports. A diversion had been considered as one feature of the program package designed to offset the adverse market effects of the grain sales suspension to the Soviet Union.

Dairy price support raised. On April 1, 1980, the support price for milk of 3.5 percent milkfat was raised from $11.22 to $12.07 per hundredweight, approximately 79 percent of parity. This reflects the 7.6 percent increase in the parity index for the first 6 months of the marketing year. (The index is comprised of prices paid by farmers for production, interest, taxes, and wage rates.)

Pork purchased. On April 15, the USDA announced that it would reopen its program to purchase canned pork with natural juices in response to the problems hog producers are facing. The pork will be used in schools during the 1980-81 year. This program is essentially the same as the one which ended on February 27.

Deficiency payments made. Approximately $63 million in deficiency payments were made to sorghum producers who had complied with the 1979 set-aside program. The payment was 13 cents per bushel, the difference between the $2.34 per bushel target level and the $2.21 average market price for the first 5 months of the marketing year. Corn producers will not receive such payments because the average national market price of $2.31 per bushel exceeded the target level of $2.20 per bushel.

Over $17 million in deficiency payments were made to barley producers who had complied with the 1979 set-aside program. The payment was 11 cents per bushel, the difference between the $2.40 per bushel target level and the $2.29 per bushel average market price. Sorghum and barley were the only 1979 crops qualifying for deficiency payments.

Feed aid paid. During the first 9 months of the fiscal year (October 1 through June 30) $18.3 million in emergency feed aid payments had been received by livestock producers; during the identical period of 1979 over $61.3 million was paid. This year`s payments helped livestock producers buy 969.6 million pounds of feed.

Wool payments coming. Sheep producers will receive about $34 million in federal incentive payments on their 1979 marketings of shorn wool compared with $34.8 million last year. The current price support is $1.15 per pound with the 1979 national average market price at $.863 per pound. This difference between the market price and the price support makes the payment rate for 1979 marketing of shorn wool 33.3 percent, compared to 45.0 percent in 1978. No payments will be required on 1979 marketings of mohair as the average price of $5.10 a pound was above the support level of $1.94 per pound.

Tuberculosis indemnities doubled. The USDA has raised the limits for indemnities paid to livestock owners whose cattle must be destroyed because of tuberculosis. The maximum federal indemnity for tuberculosis affected cattle will be $750 per head, up from $350. For tuberculosis exposed cattle the indemnity limit will be $450 per head as opposed to the old levels of $100 per head for non-registered cattle and $200 per head for registered cattle. For the first time, swine will be eligible for indemnity payments of up to $200 per head. These payments plus any state indemnity may not exceed the appraised value of the destroyed animals.

Potatoes supported. On April 11, the USDA offered to buy $30 million worth of potato products to help ease a national over-supply. Charitable non-profit institutions, which do not routinely receive USDA-donated foods, will receive approximately $5.2 million of potato products. School lunch and other domestic

feeding programs will receive the remainder, which represents over 91 million pounds of potatoes. The purchase will consist of 18 million pounds of dehydrated potatoes, 49 million pounds of frozen french fried potatoes, and 45 million pounds of frozen potato rounds.

As a result of continued problems experienced by Maine potato growers, the USDA announced on May 8 that it would pay the producers to divert up to 50 million pounds of white potatoes for use as starch and bin feeding of livestock. Payments for the diversion will be $2.25 per hundredweight. The potatoes must meet the Maine Processing Grade standard or better.

New barley reserve opened. Effective May 22, 1980, all 1978 and 1979 crop barley under CCC loan may be placed in a new farmer-held reserve program. 1980 crop barley will also be eligible for the reserve. This new barley program differs from the old one in that only market prices for feed barley in those areas holding most of the reserve will be used to determine the commodity's release and call levels.

Under the old program, high West Coast area market prices triggered release and call actions even though 95 percent of the barley in reserve was located in the Minneapolis market area (Minnesota, North and South Dakota), which had substantially lower prices. Also, higher priced malting barley had an exaggerated price influence over feed barley in the old program.

Disaster payments made. As of mid July the following amounts have been paid to farmers in the form of disaster payments for 1979 crops: corn, $17 million; cotton, $110 million; rice, $1.1 million; wheat, $96 million; barley, $6 million; and sorghum, $13 million.

Pacific Northwest wheat loans extended. Because of transportation problems caused by the eruption of Mt. St. Helens, CCC price support loans maturing May 31, 1980, on 2.8 million bushels of wheat were extended until June 30, 1980 in Washington, Oregon, Idaho, and Montana. On June 11, USDA announced that grain farmers with loans expiring before September 30 would have their loans extended to September 30 in the same four States.

CCC and FmHA interest rates adjusted. On April 16 the interest rate was set at 13 percent for all 1980-crop loans made by the CCC and any new 1979-crop loans or new farm storage facility loans. The interest rate on 1979-crop commodity loans had been 9 percent and on farm storage facility loans 10.5 percent. The increase reflected greater costs of borrowing money from the U.S. Treasury. On June 12, CCC interest rates for 1980 crop loans were reduced to 11.5 percent.

On May 13 the loan limit under the farm facility program was raised from $50,000 to $100,000 to reflect higher building costs.

Beginning April 14, some Farmers Home Administration (FmHA) interest rates were also increased: farm operating loans up 1.5 percent to 12.5 percent; economic and disaster emergency loans up to 14 percent from 13 percent; long-term real estate loans from 11 to 12 percent; and unsubsidized loans for home ownership, rural rental housing, and rural housing site development from 11 to 13 percent. Rising costs were the major factors for the increase.

Because of changing economic conditions, FmHA reduced the interest rate for most new single family home loans from 13 percent to 11.5 percent on June 14. Rates on new loans for rural rental housing also decreased from 13 percent to 10.75 percent.

Flue-cured tobacco loans set. The loan rates for 1980-crop flue-cured tobacco will range from $.87 to $1.82 per pound. The average will be around $1.45 a pound

which is about 9.4 percent above 1979 levels. The rates apply to both tied and untied tobacco. Eight grades which have received support in the past will not in 1980 because of excessive supply. These grades are P5L, P5F, P5G, N1L, N1XL, N1GL, N1XO, and N1PO.

CCC purchases grain. To help support farm prices, the CCC has purchased wheat and corn. A total of 156 million bushels of wheat were acquired by the CCC at a total cost of $569 million. Most of the wheat was purchased through bids, but the final purchase was made by posting an offered price at the county level. Because of storage problems in certain areas, some farmers were reimbursed for part of their prepaid rail transportation costs for wheat bought under the April 3 invitation. This payment only applied to wheat shipped from a county warehouse to an approved out-of-county warehouse. Storage payments were also made if the CCC was not able to accept delivery within 30 days of purchase; the rate was .0685 cents per bushel per day. On March 14, an offer for corn purchases was made. The CCC bought a total of 159.7 million bushels valued at $395.3 million before the program ended August 6.

Food Program Regulations

Next fall new rules will encourage schools to structure their meal and portion sizes to the eating habits of children. The rules recommend (1) serving different sized portions to different age groups and (2) serving two small meals per day, instead of one lunch, to children aged one to five in those residential child care institutions participating in the school lunch program. The rules require participating schools to increase the required servings of eggs and dry beans to make them nutritionally equivalent substitutes for meat and other meat alternatives and to increase the number of bread servings to provide children the higher levels of iron and other nutrients specified in the 1974 RDA`s.

Other Regulatory Actions

DES rulings issued. On April 22, new regulations were issued for cattle sales from feedlots illegally using DES. Before such cattle can be sold they must be held 41 days after a USDA accredited veterinarian certifies that the DES implant has been surgically removed. If livers and kidneys are to be sold for food, the animal must be held for 61 days after implant removal.

Poultry import rules changed. USDA announced on May 1 that new regulations will allow the importation of carcasses and meats of poultry and other birds that have been thoroughly cooked. The change removes the stipulation that hermetically sealed containers be used. Studies have shown that foreign poultry diseases will not enter the country if the birds have been cooked.

Nursery stock quarantine revised. On May 12, USDA announced that it had revised the basic quarantine regulations that restrict the import of nursey stock, plants, and seeds effective June 15, 1980. Many kinds of palms, including coconut, may no longer be imported. Restrictions have also been placed on the number of countries from which strawberries, sweet potatoes, chrysanthemums, and cassava plants may be imported.

International Trade

Sugar import duty lowered. On February 1 the President reduced U.S. import duties on sugar from 2.8125 cents per pound to the statutory minimum of 0.625 cents per pound. Domestic market prices had risen well above the Administration`s price objective of 15.8 cents per pound raw value, thus allowing the duty reduction. If

passed on to consumers, the reduction implies a savings of more than 2 cents per pound, raw value, and more than $400 million on an annual basis. (The import fee on raw sugar, lowered to zero cents per pound last October, remains at that level.)

China given MFN status. The United States granted Most Favored Nation (MFN) trading status to China in February, thus reducing U.S. tariffs on many Chinese products. Imports of Chinese agricultural products in February 1980 totaled about $10 million, twice the February 1979 level. However, only about 20 percent of the increase occurred in those tariff categories whose MFN rates were significantly lower than the previous duty rates. The other 80 percent probably resulted from additional Chinese supplies.

Ammonia import quotas terminated. On December 11, the President rejected the United States International Trade Commission's (USITC) proposal for quotas on anhydrous ammonia imports from the USSR, citing the need to maintain adequate fertilizer supplies at reasonable prices for U.S. farmers. After imposing the U.S.-USSR trade restriction, the President on January 18 changed his previous decision, and as an emergency action, limited such imports to 1 million short tons in calendar year 1980.

As a consequence of the emergency action, the President asked the USITC to conduct another disruption investigation. In March the Commission reversed its previous ruling and determined that market disruption did not exist. The President issued orders terminating the quota effective April 11, 1980.

El Salvadoran meat interrupted. Excessive levels of pesticide residues in meat exported from El Salvador prompted USDA in March to block U.S. shipments from that country until it demonstrates that it has a reliable residue control program.

GSP schedule changed. Effective March 30 the Generalized System of Preferences (GSP) was modified by:

- adding 16 new commodities, mostly fruits and vegetables, including coconut oil, olive oil, and cut flowers,
- redesignating sugar for GSP treatment,
- adding five new countries to receive GSP benefits, Southern Rhodesia (Zimbabwe) and Uganda, plus three OPEC countries (Ecuador, Indonesia, and Venezuela), and
- removing two countries, Afghanistan and Ethiopia, from the GSP-benefit list.

Authorized by the Trade Act of 1974, the U.S. Generalized System of Preferences was established to extend tariff preferences to goods from developing countries to help those countries increase exports, diversify their economies, and lessen their dependence on foreign aid. U.S. statutory authority for the GSP expires January 3, 1985.

U.S.-Iran trade terminated. As a result of the continued imprisonment of the American hostages in Tehran, the President on April 7 broke diplomatic relations with Iran and:

- closed the Iranian Embassy in the United States,
- prohibited U.S. exports to Iran, except food and medicine, and

* ordered inventories of (1) Iranian Government assets frozen in the United States since last November, and (2) outstanding claims of American citizens and corporations against that Government.

On April 17, the President extended the sanctions against Iran to:

* prohibit U.S. imports of Iranian goods or services,

* restrict travel to Iran by U.S. citizens, and

* stop payments or transfers of funds to people in Iran, except for family remittances.

Food aid pledged. On April 29 the Secretary of Agriculture signed the international Food Aid Convention (FAC) of 1980, pledging a minimum of 4.47 million tons of U.S. grains annually as food aid for developing countries. The Food Aid Convention of 1980, a component of the International Wheat Agreement, replaces the Food Aid Convention of 1971 which pledged a total of 4.2 million tons of food donations annually. The new Convention raises the minimum total contributions to 7.6 million tons, and encourages participants to reach the 10-million-ton target agreed upon at the World Food Conference in November 1974. Countries participating in the 1980 Food Aid Convention and their pledges are:

Country	Old FAC	New FAC
	1,000 tons 1/	
Argentina	23	35
Australia	225	400
Austria	0	20
Canada	495	600
European Economic Community and its member countries	1,287	1,650
Finland	14	20
Japan	225	300
Norway	0	30
Sweden	35	40
Switzerland	32	27
United States	1,890	4,470
Total	4,226	7,592

1/ These are minimum pledges; total commitments in any given year usually exceed these amounts.

Contributions may take three forms: gifts, either in grain or cash to purchase grain within the recipient country; sales for the currency of the recipient country; or long-term credit sales at below-market interest rates. However, the Convention stipulates that contributions should be in gift form "to the maximum extent possible."

U.S. food aid shipments meeting Convention criteria totaled about 5.3 million tons in fiscal year 1979, even though the United States pledged a minimum of 1.89 million tons

under the 1971 Convention. Of these shipments, processed under the Public Law 480 program, 1.5 million tons were donations. The remainder were concessional sales designed to aid and promote development within the recipient country.

Meat import estimates lowered. USDA's quarterly estimates for meat imports in 1980 have been:

Date of estimate	Quantity (million pounds)
December 31, 1979	1,650
March 31, 1980	1,571
July 1, 1980	1,420

The trigger point for imposing quotas under the meat import law is 1,668 million pounds. Since the estimates for 1980 imports have been under the trigger level, voluntary restraint programs to limit imports have not been negotiated.

Loan levels raised. On July 28 the Administration raised the loan levels for wheat, feed grains, and soybeans. Farmer-owned reserve release and call levels for 1980-crop wheat were changed to 140 and 175 percent of loan, respectively, down from the 150 and 185 percent levels announced in January.

Producers with contracts specifying the 150 and 185 percent levels may keep those terms or have them converted to the new 140 and 175 percent levels. Release and call levels for feed grains remain unchanged from 125 and 145 percent respectively. All crops in release status will remain so until August 31, 1980 when the situation will be reviewed.

Policy Through Legislation

Domestic Programs

Credit act extended. On March 30, the President signed PL 96-220 which extends the Emergency Agricultural Credit Adjustment Act of 1978. The new Act also extends USDA's FmHA emergency loan program which was to expire May 15, 1980. The loan program extension is until September 30, 1981 and will cost $2 billion, one billion of which was immediately allocated. The loans provide direct or guaranteed loans to farmers and ranchers, provided they are unable to find credit elsewhere. Any application for an insured loan of $300,000 or more must be accompanied by letters from at least two private lenders explaining why they rejected the loan.

Reserve participation encouraged. Signed on April 11, PL 96-234 allows producers who were not in compliance with farm programs to place wheat and corn into the farmer-owned reserve. The Secretary opened the reserve to previously ineligible corn farmers on April 15.

Program nonparticipants received the same reserve loan rate for their corn as participants, but were not eligible for the waiver of first-year interest charges. Also, the nonparticipants were not eligible for USDA's regular 9-month price support loans which are normally offered in conjunction with the farmer-owned reserve program. Nonparticipants placed about 58 million bushels of corn in the reserve.

Food Stamp program modified. On May 26 the Food Stamp Amendments of 1980 were signed into PL 96-249. The Act raises the food stamp authorization ceilings for fiscal years 1980 and 1981 to assure continued program benefits to the needy. New rules were added which will remove from the program about 150,000 college students and 650,000 people with incomes near the poverty level. These and other changes should

save $750 million by the end of fiscal year 1981. Also, only one cost-of-living adjustment will be made each year on January 1; the July 1 adjustment has been eliminated.

International Trade

ISA implemented. On April 22 the President signed the International Sugar Agreement (ISA) Act, PL 96-236, legislation that implements full U.S. participation in the ISA. The current version of the Agreement, signed in New York City on December 9, 1977, remains in force until January 1, 1983.

Rubber agreement funded. On June 16 the President signed S. 2666 into PL 96-271, an act to authorize appropriations for the International Natural Rubber Agreement for fiscal year 1981. Adopted in Geneva on October 5, 1979, and signed on behalf of the United States on January 8, 1980, the Agreement seeks to stabilize natural rubber prices without disturbing long-term market trends and to foster increased natural rubber supplies at reasonable prices.

PL 480 aid increased. On July 10, 1980, the President signed an appropriations bill granting an additional $143 million for the Food for Peace (PL 480) program for the fiscal year ending September 30, 1980. PL 96-304 will provide approximately $123 million of grant food assistance in the Title II program, and the remaining $20 million will be used in the Title I program, which provides food assistance through concessional loans. A substantial amount of the Title I aid will go to East African countries experiencing serious drought problems and increasing numbers of refugees.

Legislative Actions Under Consideration at the End of July

National Issues

Commodity programs. Legislation (H.R. 7142) that would remove the cross-compliance requirement as a condition of eligibility for loans and purchases in the case of the 1979-crop soybeans has been approved by the full House Agriculture Committee. This bill in effect would provide many farmers with needed short term credit, for which they are now ineligible, through the CCC loan program.

On April 30, four related bills were sent to the House of Representatives for action. They would: establish particular loan levels when export sales of certain commodities are suspended (H.R. 6245); establish a land diversion payment program applicable to the 1980 crop of feed grains (H.R. 6382); increase loan rates for corn and wheat and encourage greater participation in the farmer-owned reserve program (H.R. 6815); and increase loan rates for corn and wheat (H.R. 6877). Similarly, Senate bill 2428, now awaiting floor action in the Senate, would amend the Agriculture Act of 1949 to establish a land diversion payment program for the 1980 crops of wheat and feed grains.

Two House bills would set up special programs for some commodities affected by the grain export suspension to the USSR. H.R. 7264, awaiting floor action in the House, would strengthen farm market prices and farm income by providing a long-term producer storage program for wheat and feed grains. H.R. 7268, pending in subcommittee, would increase the level of price support loans provided under the producer storage program for 1979, 1980, and 1981 crops of wheat and feed grains.

House bill 118 has passed through the House of Representatives and is awaiting Committee action in the Senate. This bill, if passed, would advance the set-aside program announcement deadline to August 1 for wheat and November 1 for feedgrains, 15 days earlier than currently mandated.

Federal crop insurance. Senate bill 1125, currently in a conference committee, would expand the Federal crop insurance program. Under this legislation, the Federal Crop Insurance Corporation's (FCIC) disaster assistance program would be phased out by1981. In its place the Federal crop insurance program would be expanded and premiums would be subsidized to encourage farmer participation. This bill will allow all of the nation's crops (approximately 400) to be insured rather than only the 26 crops covered by disaster payments.

Subterminal storage. Senate bill 261, awaiting House-Senate conference committee action, would authorize the construction and improvement of subterminal storage and transportation facilities for certain types of agricultural commodities. The bill allows improving the facilities on a State or regional basis. This bill also provides for building subterminal facilities along rail lines in counties and regions to improve the movement of grain along rail lines from farms to export ports.

Child nutrition. House bill 7664, awaiting conference committee action, amends the National School Lunch Act and the Child Nutritional Act of 1966. The bill would revise Federal payments for lunches, set income eligibility standards, and reduce fraud by restricting the eligibility of some service institutions. It would also authorize nutrition, education, and training programs through fiscal year 1983.

H.R. 6841, currently in committee, would also amend the National School Lunch Act and the Child Nutrition Act. This bill would provide commodity letters of credit from the USDA to purchase food by schools. This would replace the current system where the USDA purchases and distributes the food to be used in the school lunch and other programs.

Soil conservation. Senate bill 2488 would establish a national soil conservation program. This bill is in the Senate Committee on Agriculture, Nutrition, and Forestry.

Plant protection. House bill 999 would amend the Plant Variety Protection Act. At this time six new vegetables have been added to the Act and the patent protection for seeds and hybrid plants has been extended from 17 to 18 years. This bill has made it out of Committee in the House.

International Trade

Emergency food reserve. H.R. 6635 would establish a Government-owned wheat reserve of up to 4 million metric tons to assist in meeting emergency food needs in developing countries during periods when U.S. wheat supplies are so low that enough wheat is not available for U.S. food aid programs abroad. Wheat for the reserve could be provided from CCC stocks, by direct purchases from producers, or in the market. Wheat released from the reserve would be distributed under the provisions of Public Law 480.

H.R. 6635 reflects markup action on H.R. 4489 after public hearings on H.R. 4489 and related bills including H.R. 3611 and H.R. 3612. House Committees on Foreign Affairs and Agriculture have reported out H.R. 6635 recommending that it be passed. S. 2461, currently in committee, is the Senate version of this bill.

Trade suspension addressed. A number of bills have been introduced in Congress that would increase commodity price supports in the wake of the U.S.-USSR trade suspension, or rescind the suspension. Among the proposed measures, House bills 6251,6294, 6467, and 6542 were incorporated into H.R. 6245 which would raise loan levels to 90 percent of parity for commodities in which export sales have been

suspended. H.R. 6245 has been reported out of committee and placed on the calendar for House floor action.

H.R. 6332, in committee, would prohibit export controls on agricultural commodities unless similar controls were applied to all exported goods and technology. House bills 7632, 7635, 7671, and 7731, introduced in late June and early July and referred to the House Committee on Foreign Affairs, would terminate the export controls on agricultural commodities to the USSR.

Senate bills 2258, 2277, 2315, and 2356 were incorporated into S. 2639 which would direct the Secretary of Agriculture to make available price support loans to mitigate the adverse effects of the trade suspension. S. 2639 has been reported by the Senate Committee on Agriculture and is on the calendar for floor action.

S. 2595, pending in subcommittee, would establish a special agricultural commodities reserve and require a set-aside program in the event of a trade suspension. S. 2855, which would terminate the trade suspension, is in the Senate Banking, Housing, and Urban Affairs committee.

COMMENTARY

GRAIN RESERVE: U.S. POLICY, EXPERIENCE, AND EVALUATION

by

Harry S. Baumes, Jr. and Abner W. Womack*

Origin of Policy

The Secretary of Agriculture committed the Department to the establishment of a farmer-owned food reserve in April 1977. Initially the directive applied soley to the 1976 wheat and rice crops but was later expanded to include a feed-grain reserve. The implementation of both the food and feed-grain reserves was consistent with the Department's August 1977 announcement to create a 30 to 35-million-metric-ton food and feed-grain reserve (including a special international emergency food reserve of up to 6 million tons) prior to the 1978/79 season. Although the intent to establish a feed-grain reserve was announced in late August, the program was not put in effect until December. The reserve program applied to 1976 and 1977 crops of feed grains (corn, sorghum, oats, and barley) and was expanded to accomodate the 1977 wheat crop. Since 1977, portions of the 1976-80 feed grain and wheat crops were made eligible for the reserve. 1/

The Food and Agriculture Act of 1977, signed into law September 1977, mandated that the Secretary of Agriculture establish an extended loan program of 3-5 years' duration for wheat. A similar program could be established for feed grains, at the Secretary's discretion. The quantity of wheat to be placed in the farmer-owned reserve can range between 300 and 700 million bushels. No limits were stated for feed grains. To induce producer participation in the reserve programs, the Secretary had authority to offer annual storage payments, adjust interest rates for the commodity loans, and waive interest payments. The "1977 Farm Bill" also defines the procedure for releasing grain from the reserve.

Grain Reserve Provisions

The mechanics of the farmer-owned reserve have not changed significantly since its first implementation. The reserve program usually reflects the price-support, production-control, and income-supplementation policies of the Administration. Producers who voluntarily participate in the commodity programs are eligible for commodity support. When a set-aside is not in effect, all producers are eligible. Commodity loans made through the Commodity Credit Corporation (CCC) are offered in a non-recourse status at interest rates as low as, or lower than, private credit sources. Storage payments on grain in the farmer-owned reserve are made in advance, and the commodity is not marketed until certain price levels are reached or the reserve loan expires. Storage payments are made on a per-bushel basis and are currently 26-1/2 cents per bushel for corn, sorghum, barley, and wheat and 20 cents per bushel for oats. 2/

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1/ For additional details on the inception, use, and management of the farmer-owned reserve, see the agricultural-food policy decisions articles in the July 1979 and January 1980 issues of PRN.

2/ The current storage payment levels were raised by 1-1/2 cents for all grains except oats, which was raised by 1 cent, as a consequence of the USSR grain embargo.

Two prices, referred to as the release and call levels, are relevant to the producer with a commodity in the reserve. The release price is the level at which the government ceases carrying the storage costs and terminates payments to producers for the storage service. When a commodity is in release status the producer may redeem the loan, paying the interest due, or leave the commodity in the reserve at his own expense. The current release level for feed grains is 125 percent of the loan rate and for wheat 140 percent. If farmers redeem their loans below this level, other than at expiration, producers must repay the higher of either the loan principal and interest plus all storage payments and interest or 140 (125) percent of the current loan rate for wheat (feed grains). The call level is the price at which farmers must redeem their loans within 30 days or default their grain to the CCC. The current call level for feed grains is 145 percent of the loan rate; for wheat it is 175 percent of the loan rate. Hence, no provision of the farmer-owned reserve forces a producer to sell grain, but the government can strongly encourage that sale by terminating all loans, interest, and storage concessions.

The farmer-owned reserve is a farmer-controlled program that provides an alternative marketing strategy. It contains economic incentives for farmers either to remove their grain from market channels or, alternatively, to redeem it for movement into the market depending on the current supply-demand situation. The reserve can operate to remove or isolate a part of the available supply, thus supporting prices. Undoubtedly, the most important factor contributing to support of market prices over the 1977-1979 crop years was early entry into the reserve program. This isolates commodities much more quickly and definitely than does a loan with a pending maturity of 9-11 months.

Although the operating procedures and the objectives of the reserve have remained almost unaltered, other factors affecting the reserve have changed over time. Some of these factors include increased loan rates, larger reserve limits, varying interest rates for commodity loans, increased storage payments, and most recently, the grain embargo to the USSR.

Consequences of Initial Operation of the Reserve

Grains flowed into the reserve in 1977, 1978, part of 1979, and 1980. However, since May 1979, every commodity in the reserve has been in release status at least one time. As some farmers redeemed their corn loans, prices dropped below the release level because of new marketings and a record corn crop. Although 40 percent of the wheat reserve was redeemed, prices have stayed above the release level since last summer. In this instance strong exports more than offset the increased wheat marketings. Those producers who did not redeem their loans were again eligible for storage payments and subject to the same constraints on redeeming their loans as before. Oats, sorghum, and barley have been in call status. After oats was called, prices fell and eligible producers were given the option to enter their grain in the reserve again. For barley, transportation problems existed and extensions were given for redemption. This floating of market price in the past years above and below the release and call levels results from the interaction of market forces and reserve operations.

It is difficult to discuss the farmer-owned reserve in isolation. The reserve is one part of a comprehensive set of policy instruments legislated by the Food and Agriculture Act of 1977 and subsequent emergency and adjustment policies. Each year policymakers must assess the supply-demand conditions in advance of farmers' planting decisions and use the policy mandates of the Act to achieve the Administration's program objectives for the following production/marketing year.

Commodity Program Performance

In order to evaluate program performance, it is useful to describe the decision process used by the USDA to manage the farm program since 1977, the first year of set-aside implementation. Retracing these steps will hopefully point out critical decision areas and lend some insight into the USDA`s role in the management of the grain reserve program in conjunction with supply and utilization forecasts and farmer participation in Government programs. This paper evaluates program performance by comparing two sets of supply and utilization numbers for each year. This first set consists of the market outlook (given program objectives) that was forecast each year, during the summer for wheat and the fall for feed grains, to determine USDA`s recommendation on set-aside for the following year. The second is a post-harvest assessment of the supply and demand equilibrium, done after the fact to make a comparison.

Tables 1 and 2 contain these supply and utilization numbers associated with actions beginning with the summer (for wheat) and fall (for corn) of 1977. The projected supply and utilization numbers were forecast from econometric models and commodity analyst`s judgement in the Economic Research Service of the USDA. While these may not be the last numbers that were used in the final set-aside decision, these estimates were considered at some stage of the process.

One of the program`s implied objectives is to influence supply and demand in such a manner that they reach equilibrium at a price in the mid-range of the price corridor (loan to release price)--in this case, around $2.25 per bushel for corn and $2.82 for wheat. The Administration`s total carryover objective for corn was about 1.2 billion bushels and for wheat around 1.1 billion bushels, with approximately one-half in the farmer-owned reserve and CCC inventories as indicated in the tables. Total use (2 years in the future) was estimated around these expected prices, program level stocks were also imposed in the supply and utilization table, and desired production was deduced from the differential of beginning estimated stocks (one year later). This process, therefore, requires estimates of total use, supply, and price for 2 years in the future.

1978/79 Corn

A preharvest analysis for the 1978/79 corn crop, in the fall of 1977, projected total use of 6.1 billion bushels, carryover at 1.4 billion, production at 6.1, and a corresponding price of $2.05 (table 1). The projected price was at the lower end of the price corridor, even with a 10-percent set-aside and a 10-percent diversion program. Federal budget constraints were the primary reason for attempting to take additional acreage out of production. A 2-year strategy was considered necessary to bring the industry into balance in the corridor mid-range.

As indicated by the second column of table 1, offsetting supply and demand events produced an eventual outcome that was almost identical to program objectives. Total supply was underestimated by about 700 million bushels and demand by 830 million. The majority of this demand strength came from export markets. Error in supply estimates can be attributed primarily to errors in estimates of yield and harvested acreage. While estimated planted acreage and program participation was fairly near the mark, harvested acreage was underestimated by 4.3 million acres. Farmer-owned reserves were opened and approximately 540 million bushels were in this category by the end of the crop year.

1978/79 Wheat

Similarly, an analysis was conducted for the 1978/79 wheat crop in the summer of 1977 (table 2). In order to move the industry towards a mid-range price of $2.82 and

Table 1--Corn supply and utilization: Comparison of expected and actual

Item	Unit	1978/79, projected fall 1977	1978/79, July 1980 USDA estimates	Differ-ential	1979/80, projected fall 1978	1979/80, July 1980 USDA estimates	Differ-ential
		(1)	(2)	(3)	(4)	(5)	(6)
Area	Mil. acres						
Planted	do.	78	80.1	2.1	78.4	80.0	1.6
Harvested	do.	66	70.3	4.3	67.4	71.0	3.6
Yield/harv. acre	Bushels	93	100.8	7.8	93.0	109.4	16.4
Beg. stocks	Mil. bu.	1,350	1,104	-246	1,352	1,286	-66
Production	do.	6,138	7,087	949	6,268	7,764	1,496
Imports	do.	1	1		1	1	
Supply total	do.	7,489	8,192	703	7,621	9,051	1,430
Feed	do.	---	4,198	---	---	4,350	---
Food, seed & ind.	do.	---	575	---	---	625	---
Domestic total	do.	4,500	4,773	273	4,680	4,975	295
Exports	do.	1,575	2,133	558	1,810	2,400	590
Use, total	do.	6,075	6,906	831	6,490	7,375	845
Ending stocks	do.	1,414	1,286	-128	1,131	1,676	545
Farmer owned	do.	880	542	-338	525	850	325
CCC	do.	100	98	-2	100	299	199
Avg. farm price	Dol./bu.	2.05	2.25	20	2.25	2.40	.15
Loan level	do.	2.00	2.00	---	2.00	2.10	.10
Release level	do.	2.50	2.50	---	2.50	2.63	.13
Call level	do.	2.80	2.80	---	2.80	3.05	.25
Program stock objective: Farmer-owned & CCC	Mil. bu.	650	650	---	650	625	-25
Set-aside	Percent	10	10	---	10	10	---
Diversion	do.	10	10	---	10	10	---

Table 2--Wheat supply and demand utilization: Comparison of expected and actual

Item	Unit	1978/79, projected summer 1977	1978/79, July 1980 USDA estimates	Differential	1979/80, projected summer 1978	1979/80, July 1980 USDA estimates	Differential
		(1)	(2)	(3)	(4)	(5)	(6)
Area	Mil. acres						
Planted	do.	66.0	66.3	.3	70.4	71.6	1.2
Harvested	do.	59.1	56.9	-2.2	59.9	62.6	2.7
Yield/harv. acre	Bushels	32.6	31.6	-1	32.0	34.2	2.2
Beg. stocks	Mil. bu.	1,215	1,177	-38	1,004	925	-79
Production	do.	1,927	1,798	-129	1,915	2,142	227
Imports	do.	2	1	-1	2	2	---
Supply total	do.	3,144	2,976	-168	2,921	3,069	148
Food	do.	552	591	39	595	596	1
Seed	do.	85	87	2	89	101	12
Feed & residual	do.	175	179	4	140	96	-44
Domestic total	do.	812	857	45	824	793	-31
Exports	do.	985	1,194	209	1,100	1,375	275
Use, total	do.	1,795	2,051	256	1,924	2,168	244
Ending stocks	do.	1,347	925	-422	997	901	-96
Farmer owned	do.	330	393	63	415	250	-165
CCC	do.	220	51	-169	50	200	-150
Avg. farm price	Dol./bu.	2.35	2.98	.63	3.02	3.82	.80
Loan level	do.	2.35	2.35	---	2.35	2.50	.15
Release level	do.	3.29	3.29	---	3.29	3.75	.46
Call level	do.	4.11	4.11	---	4.11	4.63	.52
Program stock objective: Farmer-owned & CCC	Mil. bu.	550	550	---	550	550	---
Set-aside	Percent	20	20	---	20	20	---
Diversion	do.	0	0	---	0	0	---

a carryover of 1.1 billion bushels, a 20-percent set-aside program with no diversion was instituted. The 95-cent spread between loan and target price was considered sufficient incentive for producers to reduce harvested acreage to about 65 million acres.

As in the case of corn, the projections were extremely accurate for planted acreage. But lower harvested acreage (2.2 million) and yield (1.0 bushels) resulted in a total supply that was around 170 million bushels below the forecast. Demand strength, primarily from exports, was underestimated by about 260 million bushels resulting in an equilibrium farm price of $2.98, or about 63 cents above the 2-year earlier forecast. Reserves were opened and the program incentive of 25 cents per bushel for storage, plus a below-market interest rate of 6 percent, enticed participation sufficient to approximate desired program objectives.

1979/80 Corn

The 1979 crop set-aside analysis conducted in the fall of 1978 did not anticipate an embargo disruption. Projections (column 4, table 1) around a mid-range price of $2.25 and a total carryover of 1.1 billion bushels implied a total demand plus carryover of about 7.6 billion bushels which required additional production controls to bring the system into balance. A 10-percent set-aside was instituted with an expected harvested yield of 93 bushels per harvested acre. As in the previous year, planted acreage was estimated with an error of only 1.6 million acres. But the United States experienced extremely favorable weather, and average yield exceeded expectations by about 16 bushels.

A revision of this crop situation was reported in the August 1979 Agricultural Supply and Demand Estimates, indicating a season average price for 1979 corn in the $2.40-$2.75 range. At that time the corn-yield estimate was approximately 104 bushels, indicating a total supply of about 8.5 billion bushels, or about 500 million below the final record supply of 9.0 billion. Export estimates, given world trade conditions, had been revised up to 2.5 billion, almost 600 million bushels above the original forecast for the 1979 crop. Total disappearance was projected at 7.4 billion bushels, indicating a total stock drawdown to around 1.0 billion bushels. Reserve stocks were estimated to fall below 550 million bushels. This pre-embargo set of estimates implied a season average price at or above the release price of $2.50, and stocks well below desired program objectives of 1.2 billion bushels.

The July 1980 Agricultural Supply and Demand Estsimates indicated that actual exports will likely fall only about 100 million bushels short of the August 1979 export estimate. Poor crops from competing exporters and additional shipments to Mexico and other countries almost offset the embargo restriction. Total demand is now projected at 7.4 billion bushels. However, there has been heavy use of the reserve, and year-end corn reserves will likely be around 850 million bushels. The CCC inventory was expected to increase by 200 million bushels to around 300 million. Total carryover could approach 1.7 billion bushels, the largest level since 1961.

Although there was relatively small change in the domestic feed and food categories and exports remained at pre-embargo levels, additions to the farmer-owned reserve and CCC inventories, coupled with lower 1980 crop projections, have resulted in prices moving above release and rapidly approaching call prices by August 1980. Embargoed grain by then might be considered by consumers a blessing in disguise. However, total carryover was projected at around 1.6 billion bushels in March of 1980, in sufficient time to institute a diversion program to bring the corn sector back within program guidelines. But consumer interests apparently prevailed in the political area and, fortunately, in retrospect, acreage was not constrained. This issue of consumer influence warrants additional comments and will be discussed further in the concluding remarks.

1979/80 Wheat

Prelimary analysis conducted in the summer of 1978 (column 4, table 2) indicated that a 20-percent set-aside would achieve a $3.02 price objective and a 415-million-bushel farmer-owned reserve for the 1979 crop. While the embargo was not anticipated in the fall of 1978, the impact was not as dramatic for wheat as in the case of corn. Approximately 150 million bushels of wheat were affected. Delayed action by the CCC in picking up this grain is the primary reason for some of the downside price pressure until mid-April 1980.

Prices have been above the release price since May of 1979. Stocks were drawn from the reserve, however, as farmer-owned reserves at the time were expected to remain near the 400 million bushel level. Prices began to weaken in the latter part of 1979, given new crop expectations, but subsequent policy measures and changing world conditions served to strengthen prices. Wheat prices for the 1979/80 year averaged $3.82 per bushel. Reserve level carryout fell well below the carry-in level of 393 million bushels, but CCC inventories increased by about 150 million bushels. Total carryout for 1979/80 remained about constant at the 1978/79 level, however, a higher proportion of this total is in CCC inventories due to purchases to offset the effects of the U.S. grain embargo.

Summary and Conclusions

An inter-year assessment of the grains-livestock industry is required if the desired policy objectives are to be met. This requires rigorous quantification of farmer participation in government programs, especially in the areas of reserves and acreage constraints. Moreover the process leading to the set-aside analysis each year implies the need for structural estimates of the complete agricultural industry in conjunction with these policy variables. The Administration`s commitments to a managed commodity program based on stated objectives requires forward estimates or projections of up to 2 years in advance. Consequently, several research issues need to be addressed. The following section deals with major components of the farm program and corresponding research issues that must be given renewed thrust. A second portion deals with program management and operation in the current political environment.

Research Issues

The success of voluntary Government programs is dependent on producer participation. A substantial amount of work has been done and is underway to quantify farmer participation in government programs. Most of this pioneering research on acreage supply response, done by Houck and others at the University of Minnesota, focused on policy variables as production incentives. While different specifications have been examined that incorporate risk, production costs, policy variables, and cross-price effects, very little progress has been made on endogenizing participation rates. Very often maximum and minimum participation rates are used to establish brackets for effective support prices and diversion payments.

Two key types of work must be given renewed thrust. First, policy variables in econometric models must be carefully examined for compatibility across different commodity programs. Particular attention must be given to factors that weight program variables for participation rates and program options. In certain years loan rates were offered as key incentives, in other years loans and diversion payments, etc. Utilization of econometric models, in the current environment, does place heavy emphasis on quantification of these policy incentive instruments. In the set-aside analysis acreage desired is derived from expected demand around program price and stock objectives. This necessarily implies endogenous government policy variables,

i.e., solve for target prices, diversion payments, etc., that produce desired results. The counterpart to this research is farmer participation. Additional work must be forthcoming that quantifies percentages and regions of response to policy-inducing mechanisms.

A second area is the farmer-owned reserve which adds a new dimension to the set of equations that has characterized the feed and food grain industries since 1950. Without farmer-owned reserves in the past 2 crop years we would have seen substantial build up in CCC reserves. Farmers, instead of the USDA under the previous CCC reserve program, now reap the benefits of higher prices by releasing grain back on the market. Models of the crops industry must address this new market area. How farmers enter and exit these programs does have, and will continue to have, a substantial impact on current and future prices. Unfortunately, most major models are using proxy equations for this market activity.

Part of this lag in modification is due to very few observation points. Farmer-owned reserves have been with us a relatively short period of time and the past 2 years produced the first set of observations on the impact of grains released to market. While this process worked fairly smoothly several wrinkles bear re-examination--it is most likely that the call and release trigger prices are too close. Lags in putting brakes on storage payments were partially responsible, allowing prices to penetrate trigger levels and approach call levels before grain moved back on the market. Regional price differentials also contributed to this problem--call prices were reached in some areas that would have required loan payback in other regions with lower prevailing market prices.

The U.S. agricultural industry is very dependent on foreign markets. With approximately 50 percent of soybeans production, 60 percent of wheat production, and 30 percent of feed grain channeling into these areas, U.S. prices are increasingly dependent on world conditions. The open U.S. market becomes a buffer to world price shocks whereas most major trading partners are protected via levies and tariffs. Shifts in world production and demand conditions are insulated from their markets and consequently the U.S. market reflects these changes. Our reserve program is devised to partially offset these shocks. World shortages can be buffered by our reserves and additional acreage can be induced the following year to fill in the gap. But very little research has focused on an aggregate world model. Most forecasts and policy work are based on supply and utilization information, corresponding trends, and individual market intuition. Some work is under way at the USDA and in other research areas to fill in this void, but constrained research budgets generally relegate foreign market research to lower priority.

Most models estimated through the early and mid-seventies have very few if any proxies for changes in energy costs. Given that the processing sector of the industry is becoming more important in the food chain, these variables must be examined before statements can be addressed that clearly explain price differentials between the retail and wholesale markets. Most models collapse these two markets into a single equation and derive the remaining market price via price linkage or margin equations.

A considerable amount of error associated with the forward projection process by the USDA can be attributed to the differential between the expected and actual yields. The United States experienced very favorable weather in the 1978/79 and 1979/80 crop years, which accounts for a portion of this deviation error. But, growing concern is centered around the fact that yields in the last 10 years have increased in variability while the overall positive trend seems to be tapering off. Many researchers in the profession associate this tapering off with a bottom-of-the-barrel level of new supply-inducing technology. Reaching the bottom of the barrel on productivity technology implies land constraints and substantially higher prices in the near future. This issue is certainly embedded in the direction

of export trade which also hinges on world productivity. But projections of current trends indicate a clear pattern of a shift towards more feed grains in the export markets. Countries moving up in development tend to include more meat products in the diet. This could imply a fairly level market for food grains (wheat and rice products) but the feed grain and oil seed sectors would be strained to supply export demands under this scenario of slowing growth in production technology.

Intra-year assessments imply a modeling system that can produce reasonable estimates or scenarioes at least 2 years in the future. All markets must be estimated in an interactive mode that reflects price stabilizing effects that are embedded in the shifts in acreage from one year to the next, demand factors emanating from the livestock industry, cross effects from the general economy (inflation, income, wage rates, etc.), and linkage in the world trade market. All this information is implied in the assessment of the U.S. agricultural industry before a statement or conclusion can be drawn with regard to the management of our current farm program.

Unfortunately most industries and universities have research underway that looks at component parts, certain specific areas of the market, but the current environment dictates that these research projects have not reached final development stages until it can be ascertained that quantified results pass reliability tests in an overall framework.

Our emphasis would be to give renewed thrust to the issue of (1) productivity and weather influence on yields in the U.S. and world markets, (2) additional thrust to the linkage of the U.S. market in a world trade environment, (3) farmer participation and corresponding policy instrument variables in acreage response and farmer-owned reserves, (4) model specifications re-examined for careful inclusion of proxy variables associated with energy costs and models expanded to differentiate between at least the producer, processor, and retail markets and (5) the cross substitution effects of the general economy on the food and fiber industry.

Policy Environment

The political environment is a crucial component of the current program. Price corridor guidelines are established in the halls of Congress. Debates associated with costs of production result in the establishment of bottom line or support-loan prices. This issue receives renewed public attention in years of low prices and low farm income as exemplified by the American Agricultural Movement`s march on Washington, D.C., in the spring of 1978 and 1979. High side or trigger release prices are designed to buffer excessive price rises in periods of low supplies, strong demand, or both. This produces a smoother pattern of input prices in the livestock industry and hence from the consumer side less severe food price increases in the retail market. Thus the enactment of this program is designed, as earlier indicated, on a broader scale to consider both major groups, producers and consumers, in the food-feed grain industry.

The Administration has a substantial number of variables that can be utilized in the management of this program; however, most of these variables are a derivative of the political environment. But this economic-political decisionmaking environment necessarily pits the producer against the consumer and this situation can be further complicated as exemplified by the Soviet Grain Embargo.

Tracing the sequence of events associated with the 1980 grain embargo clearly illustrates problem areas associated with the management of the total grain industry in a political environment. The embargo restriction severely strained the operation of the program. The Administration`s decision to offset embargo impacts by utilizing the farmer-owned grain reserve and CCC inventories placed the USDA in an area of uncertainty with no clear-cut quantitative support or previous experience to make

equitable decisions. This fuzzy environment was not substantially different from periods of uncertainty associated with wage and price freeze manipulations imposed in the early seventies.

An announcement by USDA to remove embargoed grain via these reserve schemes was not immediately carried out. But reaction to these initial objectives clearly indicated this expectation in the market place. Prices began to move back into the preembargo range after the initial shock and by mid February of 1980 most of the immediate price drop had been recovered.

A combination of several events including delayed reaction by the USDA resulted in depressed prices by mid March. Among these were stronger crop expectations in both the domestic and foreign markets in conjunction with record interest rates that likely resulted in cash flow problems and hence a higher release of commercial stocks back on the market.

Given this combination of events the Administration began to take stronger measures by purchasing large amounts of grain by mid April, and farmers who had not participated in the commodity programs were allowed to place grain in the reserve. While this decision did serve to boost prices, many producers not in Government programs were subjected to a rather long period of low market prices. At the same time USDA was caught in the rather awkward position of marketing or releasing a substantial amount of grain held in export terminals, thus, operating simultaneously on both the supply and demand sectors of the market. This disruption led to a sequence of reactions and counter actions by both the market place and the USDA. And a program designed to handle smooth transition of excess supplies via reserve programs became a severe bottleneck in accomplishing desired objectives.

Also, complicating this situation was the obvious fact that total grain reserves were exceeding desired program limits. Production controls were necessry to bring the corn industry back into the desired range of 1.2 billion bushels. But, given the political environment of producer and consumer interests the latter case prevailed. The desire to curtail further food price increases resulted in a March decision against a paid diversion on 1980 corn acreage.

This subjected the Administration to the consequences of readjustment in the event of good crop conditions in the summer of 1980 which would have resulted in even larger carryover and the necessity of instituting a set-aside program in 1981/82 to draw down excessive stock levels. A good crop would have required opening farmer-owned reserves to offset downside price pressure. A set-aside in the following year would have to be made around one of two alternatives, first restricting acreage to achieve a price objective in the mid range of the price corridor. If these price expectations materialized then excessive reserve levels would be carried for an addditional year creating a strain on government budgets for the farm sector. A second alternative would be to establish a set-aside program to work off stock levels down to the 1.2 billion bushel program objective. But, farmer-owned reserves would not enter the market until prices reach the trigger release level. Thus, an implied expected price would be near the top side of the price corridor. This event has been partially off-set by a random throw of the weather die. However, the fact remains that if either the consumer or producer interest prevails that precludes managment of the program in the expected price range then realignment later would necessitate additional Treasury outlays and could also result in prices at corridor boundaries.

This management issue will likely be a primary focal point for the 1981 farm bill. The sequence of events that have unfolded since the embargo imply that farm and other producer groups will be reluctant to support a program that subjects them to prices in the lower portion of the price corridor. It also implies that the USDA is operating in a political environment that is becoming more heavily weighted towards

consumer interests--a situation that requires stronger support from producers and other farm organizations.

Support for the continuation of this "managed program" will necessitate stronger quantification of government policy variables in conjunction with the normal economic forces in the market. Additional attention will have to be given to all control variables including price corridors, stock levels, implied probabilities of remaining within program guidelines, and farmer participation in Government programs.

POLICY RESEARCH NEWS ITEMS

(projects and activities as submitted)

Norwegian Nutrition and Food Policy

Norway is the first country of Western Europe to implement a national nutrition and food policy. In February 1980, the U.S. Department of Agriculture and U.S. Department of Health, Education, and Welfare jointly issued dietary guidelines to inform U.S. consumers about relationships between diet and health. However, no integrated nutrition and food policy similar to the Norwegian model has been implemented in the United States or any other country. A study was made of the Norwegian experience in terms of its objectives, implementation, and effects on agricultural production and food consumption patterns.

Inquire about this study from Marshall H. Cohen, USDA ESCS IED, 500 12th Street SW., Washington, D.C. 20250, and request this author`s initial report, Norwegian Nutrition and Food Policy, USDA ESCS Foreign Agricultural Economics Report 157, April 1980, from ESCS Publications, Room 0054-South, USDA, Washington, D.C. 20250.

Domestic and Trade Policies for the Agricultural Sector

As a part of ongoing research on agricultural trade, a single commodity multi-market equilibrium system solver (MESS), has been developed. It is written in FORTRAN (a computer language) and can handle nonlinear supply and demand functions, tariffs, subsidies, as well as quotas and transportation costs.

Inquire about this research from Forrest D. Holland or Jerry A. Sharples, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907, and request a copy of a related paper, "MESS: A FORTRAN Program for Numerical Solution of Single Commodity Multi-Market Equilibrium Problems with Nonlinear Supply and Demand Functions and Flow Distortions," by Forrest D. Holland and James E. Pratt, from the senior author at the above address.

Economic Research on International Grain Reserves: The State of Knowledge

A non-technical review was made of existing empirical research into the size and operation of possible international food and feed grain reserves. The objective of the work was to describe, summarize, and synthesize the major published economic research on grain reserves which is international in scope.

Inquire about this synthesis from author James P. Houck, Department of Agricultural and Applied Economics, 332 Cla. Off. Building, University of Minnesota, St. Paul, Minnesota 55108, and request a copy of Minnesota AES Bulletin 532, 1979.

A Systems Analysis of Grain Reserves

Research was pursued concerning operation of a grain reserve. It developed techniques to: (1) determine size and operational approaches for a grain reserve to achieve multiple objectives; (2) assess buffer stock requirements to stabilize prices; and (3) evaluate buffer stock reliability.

Inquire about this research from David Eaton, LBJ School of Public Affairs, Drawer Y, University of Texas at Austin, Austin, Texas 78712, and request a copy of a related publication, A Systems Analysis of Grain Reserves, USDA Technical Bulletin 1611, either from above author or from ESCS Publications, Room 0054-South, USDA, Washington, D.C. 20250.

The Farmer-Owned Reserve (FOR) for Wheat

The impact of the Farmer-Owned Reserve (FOR) on the wheat market is being evaluated two ways. The actual experience since the FOR was started is evaluated using a single-equation stocks model. The FOR is also examined under simulated market conditions using WHEATSIM, a wheat market and wheat policy simulation model.

Inquire about this study from Jerry A. Sharples or Forrest D. Holland, USDA ESCS, Department of Agriculutral Economics, Purdue University, West Lafayette, Indiana 47907, and request a copy from the senior author of a related report, "Impact of Farmer-Owned Reserve on Total Wheat Stocks and Price," IED Staff Report, April 1980.

Analysis of Possible Farmer-Owned Soybean Reserve

No farmer-owned reserve programs for oilseeds are currently in effect. However, with current high inventories and a new Food and Agriculture Act on the horizon, there may be legislative action to create a farmer-owned soybean reserve. This research aims to anticipate the effects of such a reserve on farmers, domestic and world markets, and USDA`s budget.

Inquire about this research from Richard Todd, Department of Agricultural and Applied Economics, 1994 Buford (332 COB), University of Minnesota, St. Paul, Minnesota 55108.

Small Farms Research Agenda Flows From the Policy Project

The first two phases of the National Rural Center`s Small Farms Project, announced previously in these Notes, are now completed. The purpose of Phase II was to review the professional literature of small farms, delineating those areas in which the knowledge base was sufficient to propose policy recommendations and suggest areas for further research.

Phase III of the Project, to develop a Small Farms Project Statement based on the findings of Phase II, is in the planning stages and possible funding sources are being identified.

Inquire about this Project from Heather Tischbein Baker, Small Farms Project Director, National Rural Center, 1828 L Street NW., Washington, D.C. 20036, or from J. Patrick Madden, Department of Agricultural Economics, 104 Weaver Building, Pennsylvania State University, University Park, Pennsylvania 16802.

Direct requests for copies of the Phase II report to the National Science Foundation, An Agenda for Small Farms Research, and a concept paper for Phase III, "Creation of a Small Farms Policy Statement," (minimal charge for both) from Madden at the above address.

Gasohol: Prospects and Implications

Rising energy prices and Federal and State programs have stimulated the development and use of gasohol, a blend of 90 percent unleaded gasoline and 10 percent anhydrous alcohol (ethanol). This report describes current programs, proposals, and legislation affecting ethanol production, estimates production capacity and cost, and evaluates the impacts on the farm sector of increased demand for corn in ethanol production.

For a copy of this publication contact the principal author, Ronald Meekhof, USDA ESCS NED, Room 200, 500 12th Street SW., Washington, D.C. 20250.

New Book on Participants in Food and Agricultural Policymaking

A book by Harold D. Guither on The Food Lobbyists, Behind the Scenes of Food and Agri-Politics, 1980, 352 pp., has just been published. This book assesses the effectiveness and future roles of specific business, consumer, producer, and research organizations as agriculture and food-centered interest groups. Included is a listing of about 460 groups, many with brief description, address, phone numbers, registered lobbyists, and officers.

Inquire about this book (charge) from the author, Department of Agricultural Economics, University of Illinois, Urbana, Illinois 61801, or from the publishers, Lexington Books, D.C. Heath & Co., 125 Spring Street, Lexington, Massachusetts 02173.

Rural Transportation Task Force Report

In 1978, Congress directed the administration to establish a rural transportation advisory task force to: (1) assess the transportation needs of agriculture; (2) determine the adequacy of the current transportation network in meeting those needs; and (3) make recommendations to the Congress for a national agricultural transportation policy.

Inquire about this study from one of the members of the task force, Harold E. Breimyer, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65211, or request a copy of The Final Report of the Rural Transportation Advisory Task Force titled, Agricultural Transportation Services; Needs, Problems, Opportunities, January 1980, from Office of Transportation, USDA, Washington, D.C. 20250, and request from Breimyer a related paper, "An Academician`s View of Rural Transportation Policy," January 6, 1980.

New Book on Policy in the Decade Ahead

Don Paarlberg`s new book, announced earlier in Policy Research Notes, is now available under the title, Farm and Food Policy: Issues of the 1980`s, 1980, 338 pp. It focuses on the agenda items that are likely to confront policy people during the next 10 years.

Inquire about this book (charge) from the author, 1214 Hayes, W. Lafayette, Indiana 47906, or order from the publisher, University of Nebraska Press, Lincoln, Nebraska.

Policy Projects at Center for Agricultural and Rural Development

The Iowa State University Center for Agricultural and Rural Development continues its policy research in several areas, including:

(1) Potential Impact of Alternative Energy Policies (including Pricing, Supplies and Energy Derived from Agricultural Biomass, on Agriculture).

(2) Impact of the Grain Export Embargo on Prices and Income; A Simulation.

(3) Relation of Public Policies and Ongoing Economic Variables on the Structure of Agriculture.

Inquire about these projects from Earl O. Heady, Center Director, 578 East Hall, Iowa State University, Ames, Iowa 50011.

Inflation and Agriculture Symposium

The 1979 UMC-Perry Foundation Seminar on Agricultural Marketing and Policy was devoted to the various causes and effects of inflation in its interrelationships with the agricultural and food sector of the United States.

Inquire about this educational effort and request a copy of the proceedings entitled, INFLATION, Missouri Agricultural Experiment Station Special Report 244, 1979, from Harold F. Breimyer, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65211.

Public and Private Forces in the Cotton Sector

A comprehensive study was made of the changes and forces relevant to the cotton industry. It focused on industry structure, practices and costs, government programs, and underlying causes of changes in both the production and marketing systems.

Inquire about this study, and request a related report titled, The Cotton Industry in the United States: Farm to Consumers, from W.C. McArthur, Department of Agricultural Economics, University of Georgia, Athens, Georgia 30602.

Government Revenues and Expenditures Educational System

A review was made on comparative state finances and the results published as a series of educational leaflets by the California Cooperative Extension Service. Leaflet topics under a series title of Government Revenues and Expenditures Series included:

(1) "International Comparisons of Public Expenditures: Overview"

(2) "International Comparisons of Public Expenditures: Future Trends"

(3) "State and Local Taxes and Expenditures: How Does California Compare?"

(4) "Local School Revenues and Expenditures in California"

(5) "Public Employment Trends in California"

(6) "Estimated Impacts of Proposition 9"

The informational effort also involved extensive media coverage.

Inquire about this review and availability of copies of the leaflets from George Goldman, 324 Giannini Hall, University of California, Berkeley, California 94720.

POLICY RESEARCH PUBLICATIONS AVAILABLE

(listed as submitted)

BOGGESS, WILLIAM G., and EARL O. HEADY. Separable Programming Analyses of U.S. Agricultural Export, Price and Income, and Soil Conservation Policies. Iowa State CARD Report 89.
Request report from Earl O. Heady, Center for Agricultural and Rural Development, 578 East Hall, Iowa State University, Ames, Iowa 50011.

BREIMYER, HAROLD F. "Long Range Policy-Making and Freight Transportation." Department of Agricultural Economics, Paper No. 1980-6.
Request this staff paper from author, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65211.

BURTON, ROBERT O., and MARSHALL A. MARTIN. "Restrictions on Herbicide Use: An Analysis of the Economic Impacts on U.S. Agriculture." Processed, Department of Agricultural Economics, 12 pp.
Request this paper from Marshall Martin, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907.

CAMPBELL, JOSEPH, and EARL O. HEADY. Economic and Environmental Impacts of Alternative Control Policies. Iowa State CARD Report 87.
Request report from Earl O. Heady, Center for Agricultural and Rural Development, 578 East Hall, Iowa State University, Ames, Iowa 50011.

CASHMAN, CHRISTOPHER M., MARSHALL A. MARTIN, and BRUCE A. MCCARL. "Economic Consequences of Restrictions on Corn and Soybean Herbicides Commonly Used on Indiana Farms." Purdue Agricultural Experiment Station Journal Paper 8060, March 1980.
Request this paper from Marshall A. Martin, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907.

CHOWDHURY, ASHOK, and EARL O. HEADY. Analysis of American Agriculture under Various Policy Alternatives for 1980. Iowa State CARD Report 86.
Request report from Earl O. Heady, Center for Agricultural and Rural Development, 578 East Hall, Iowa State University, Ames, Iowa 50011.

EMERSON, PETER M. "Corporations in Farming." Staff working paper for Senate Subcommittee on Antitrust, Monopoly, and Business Rights.
Request this paper from Peter Emerson, Congressional Budget Office, Room 3317, 2nd and D Streets, SW., Washington, D.C. 20515.

FAVERO, PHILIP, and GALEN KELSEY. Dakota Proposition: Real Property Tax Limitation. FS 758.
Request publication from senior author, Department of Economics, South Dakota State University, Brookings, South Dakota 57007.

GRAF, TRUMAN F. "U.S. Trade Policy--Implications for the Dairy Industry." University of Wisconsin Staff Series 176, May 1980.
Request this staff paper from author, Department of Agricultural Economics, 316 Agricultural Hall, University of Wisconsin, Madison, Wisconsin 53706.

JABARA, CATHY L., and WILLIAM T. COYLE. "Impact of Japanese Rice and Wheat Policy on Trade." Paper presented at the annual meeting of the American Agricultural Economics Association, Urbana-Champaign, Illinois, July 27-30, 1980.

Request copies from the senior author, USDA ESCS IED, Room 360, 500 12th Street SW., Washington, D.C. 20250.

LOGEN, KATHRYN A. Domestic Food Programs; An Overview. USDA ESCS No. 81.
Request this report from the author, USDA ESCS NED, Room 120, 500 12th Street SW., Washington, D.C. 20250.

MADDEN, J. PATRICK.

The Adequacy of the Land Grant University Response to Rural Development Challenges--The Special Case of Title V, and
Lessons on Evaluation of Rural Development Research-Extension Programs Based on the Title V Experience.
Request these reports from the author, Department of Agricultural Economics and Rural Sociology, Pennsylvania State University, University Park, Pennsylvania 16802.

MAN, ABU BAKAR, and DAVID BLANDFORD. "The Outlook for Natural Rubber in 1980`s." Cornell International Agriculture Mimeograph No. 78, June 1980.
Request paper from Publications, 205 Warren Hall, Cornell University, Ithaca, New York 14853.

MARTIN, MARSHALL A., CHRISTOPHER M. CASHMAN, and BRUCE A. MCCARL. "Economic Impacts of Restrictions on Selected Soybean Insecticides: An Analysis of a Typical Indiana Farm." Processed, Department of Agricultural Economics, 12 pp.
Request this paper from senior author, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907.

MARTIN, MARSHALL A., and BOB F. JONES. "The 1980 Wheat, Feed Grain and Reserve Programs." Purdue Farm Management Report, December 1979, pp. 12-16.
Request this article from senior author, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana 47907.

MILLER, ROBERT H. "The Domestic Tobacco Market--A Look Ahead Through the 1980`s." Tobacco Situation, USDA ESCS TS-179.
Request this Situation Report from ESCS Publications, Room 0054-South, USDA, Washington, D.C. 20250.

NEW HAMPSHIRE FOOD POLICY STUDY COMMITTEE. "Recommendations for a New Hampshire Food Policy."
Request copy from Gerald W. Howe, 106 Taylor Hall, University of New Hampshire, Durham, New Hampshire 03824.

PENN, J. B. "The Food and Agricultural Policy Challenge of the 1980`s." Australian Agricultural Outlook Conference, Canberra, Australia, January 29, 1980, and "World Food Supply and Demand in the 1980`s." Food and Population Forum, Colorado State University, February 11, 1980.
Request these speeches from author, USDA ESCS, Room 400, 500 12th Street SW., Washington, D.C. 20250.

SPITZE, R.G.F. "Agricultural Policies and Regulation Agencies." Article for new Encyclopedia of Economics and Business, 1980.
Request copy of article from author, Department of Agricultural Economics, University of Illinois, Urbana, Illinois 61801.

VERTREES, JAMES G., and PETER M. EMERSON. Agricultural Price Support Programs: A Handbook. Congressional Budget Office Staff Working Paper.
Request this publication from the authors, Congressional Budget Office, 2nd and D Streets SW., Washington, D.C. 20515.

WEBB, ALAN J., and LEO V. BLAKLEY. "The Effect of the Suspension of Wheat Sales to the Soviet Union on U.S. Prices and Exports." Paper presented at the annual meeting of the American Agricultural Economics Association, Urbana-Champaign, Illinois, July 27-30, 1980.
For copies of this paper write to Alan J. Webb, USDA ESCS IED, Room 360, 500 12th Street SW., Washington, D.C. 20250.

WILLIAMS, GARY W., and G. EDWARD SCHUH. "Food Aid and Induced Technical Change." Paper presented at the annual meeting of the American Agricultural Economics Association, Urbana-Champaign, Illinois, July 27-30, 1980.
Request copies from the senior author, USDA ESCS IED, Room 360, 500 12th Street SW., Washington, D.C. 20250.

WYCKOFF, J. B. "Federal Subsidy of Irrigation Development." Water Resources Bulletin, Vol. 16, No. 2, April 1980, pp. 312-16.
Request this reprint from the author, Department of Agricultural and Resource Economics, 240 Extension Hall, Oregon State University, Corvallis, Oregon 97331.